

Sanitized Copy Approved for Release 2010/01/25 : CIA-RDP85T01058R000201850001-0

completed

STAT

Sanitized Copy Approved for Release 2010/01/25 : CIA-RDP85T01058R000201850001-0

Central Intelligence Agency

25X1



Washington, D.C. 20505

DIRECTORATE OF INTELLIGENCE

6 September 1985

Thinking the Unthinkable in the Philippines:
Is Sudden Collapse Possible? [redacted]

25X1

Summary

Our projections of the Philippines' political future assume some basic continuities, including a gradual decline in President Marcos's power base and continued improvement in the capabilities and appeal of the Communist Party of the Philippines and its military arm, the New People's Army. Many observers agree that unless reversed, present trends could lead to the establishment of a radical government in Manila--either directly or indirectly controlled by the Communists--by 1990. [redacted]

25X1

As disturbing as this projection may be, we believe it would be a mistake to discount the possibility of a more abrupt catastrophic turn of events in Manila. In the Philippine context, the Aquino assassination serves as eloquent testimony that unanticipated events can radically alter the political environment. [redacted]

25X1

Marcos's ability to survive past political crises--including fallout from the Aquino assassination--may not accurately reflect his regime's resiliency to future political shocks. The brittle political system he has constructed is

This typescript memorandum was prepared by [redacted] the Islands Branch, Southeast Asia Division, Office of East Asian Analysis. Information available as of 30 August was used in its preparation. Comments are welcome and may be directed to the Chief, Southeast Asia Division, [redacted]

25X1

EA M-85-10160

25X1

25X1

25X1

increasingly unable to adapt to changing conditions and Marcos continues to lose support among his key backers--including the military, business community, bureaucracy, and even some members of his ruling party. [REDACTED]

25X1

We cannot expect to know in advance which specific shocks will be successfully managed by Marcos or cause his rapid downfall. We believe, however, that careful monitoring of political events can provide indicators that Marcos's administration is ripe for collapse. Accordingly, this paper is an attempt to outline why and under what conditions a sudden destabilization of the Marcos government might occur and what signs to look for in order to avoid a complete surprise. [REDACTED]

25X1

Departing From the Straightline Projection

Marcos's ability to survive a remarkable series of economic and political crises over the past several years is not necessarily an accurate yardstick for the continued durability of his regime. We have to consider that Marcos has created a brittle political system unsuited to adaptation, and thus vulnerable to a sudden and unpredictable collapse, because of his complete control over political institutions, reliance on economic favors and corruption to reward loyal supporters, resistance to reform, and the virtual exclusion of the moderate opposition from the government's decision-making process. [REDACTED]

Marcos has dismantled many of the checks and balances that stabilized Philippine political and economic institutions, setting in motion some of the events that in the past threatened his administration. For example, Marcos--although possibly not directly responsible--may have precipitated the Aquino assassination by creating a political atmosphere of uncertainty and intrigue fed by blind personal loyalty to the President, a confused succession process, and Marcos's tacit approval of political violence. Similarly, the economy has been severely weakened by government loan guarantees and executive privileges granted Marcos's close associates, by widespread corruption within his administration, and economic policies that favor urban consumers over farmers thus contributing to the growth of the Communist insurgency. [REDACTED]

25X1

We believe that the rapid erosion of Marcos's base of support greatly increases the possibility that any new flashpoint--however induced--could provoke a sudden and sharp deterioration in his ability or willingness to govern. Marcos is increasingly the object of attack in the domestic press, and his popular support has fallen dramatically over the last several

years. A recent unpublished survey, for example, cites a 38 percentage point drop in popularity between 1981 and 1985. Marcos has also lost considerable support among key constituent groups--the military, business community, church, and his own ruling party--and his government is the target of a revitalized opposition and burgeoning Communist insurgency (see Appendix).

25X1

We also note the continuing development of a pervasive siege mentality at the Presidential palace brought on, according to a variety of sources, by growing criticism of the Marcos regime and the President's declining health. Marcos reportedly has become increasingly irritable and uncommunicative over the last several months, and is more openly hostile to criticism and recommendations for political and economic reform. A variety of reports suggests that Marcos has been shaken by what he sees as Washington's reduced support for his government and that members of his inner circle are convinced that the United States is actively working to undermine the regime.

25X1

Possible Flashpoints

As analysts, our dilemma is that we probably will not know in advance whether a specific shock to this weakened system will be successfully managed by Marcos or cause rapid destabilization. Further, we cannot identify all the events that could set off sudden destabilization. We would be surprised, however, if the next year or two contained none of the "surprises" common to the political scene since 1981--when martial law was lifted and a major financial scandal erupted and triggered the collapse of the corporate empires of several of Marcos's key political supporters.

25X1

There are many possible flashpoints--some more likely than others--that could mark the beginning of the end for the Marcos government. We have divided them into two groups. The first includes those important political actions that Marcos might undertake without accurately assessing their full effects, a prospect that is more likely as his physical and emotional health declines. Under these conditions Marcos's pattern has been to act self-reliant, rely on advisors less, and be so preoccupied with retaining power that he loses sight of long range issues. Flashpoints Marcos might trigger include:

- The reimposition of martial law or similar repressive moves directed against the political opposition, press, or even factions in the military.
- Mishandling of the Ver trial, including acquittal of all military defendants or the permanent reinstatement of Ver as Armed Forces Chief of Staff.

- The assassination, incarceration, or exile of a leading opposition figure--such as Cory Aquino, or another prominent Marcos critic.
- Heavy-handed manipulation of the pre-election process--indicating that reasonably fair elections are out of the question--or flagrant fraud during elections.
- Indications that Imelda Marcos is his chosen successor.
- A devastating economic policy blunder that precipitates the collapse of the financial rescue package provided by the IMF and other international creditors or that inflicts intense hardships on the beleaguered sugar or coconut industries.

In our judgment these flashpoints--either singly or in combination--could begin the process of collapse. Subsequent developments could include a series of progressively larger and more violent street demonstrations or national strikes that authorities are increasingly unable to control. Alternatively, Marcos's actions could prompt a crisis in US relations that is interpreted domestically as a total withdrawal of Washington's support for his government. [REDACTED]

25X1

The second grouping is made up of those events outside Marcos's direct control and which he would be unable to manage. They include:

- Another prolonged health crisis--marked by his physical or mental incapacitation. At the extreme, this might even include his departure for medical treatment overseas.
- Natural disasters, such as typhoons similar to those of last year, that overwhelm the government's ability to respond and result in severe hardship, such as widespread starvation or economic dislocation.
- A serious industrial accident--such as a nuclear or chemical spill--which is widely blamed on government incompetence or the greed of Marcos's political allies.
- A series of dramatic NPA successes that give the insurgents control over large portions of the country or lead to runaway urban violence--particularly in Manila.
- A serious world-wide recession or new debt crisis precipitated by Latin American countries that paralyzes Philippine efforts at economic recovery by depressing export prices and rising international interest rates.

Indicators Pointing to A Sudden Fall

Despite the unpredictability of the specific events that could set off a sudden collapse, we believe careful monitoring of the political situation would reveal signals that the Philippines is poised for a sudden fall. In particular, we will be looking for:

Signs of more serious dissension within the military.

Dissension could surface over issues of leadership, or reform, and possibly produce the justification in the minds of some officers for a coup. In an extreme example, regional commanders might defy specific operational commands from Manila. There might also be evidence of active military officers pledging support to individual political opposition leaders or parties. Moreover, the military would probably be further divided if Marcos authorized groups of loyalists to assume complementary or overlapping military and police duties--such as his reported plans to place General Ver in charge of a new ministry with responsibility for local police and intelligence forces.

25X1

Intensified jockeying in the Presidential Palace and dissension within the ruling party. Early stages might include Marcos's failure to garner full party support on key legislative issues or regular cooperation between some KBL politicians and opposition members in the National Assembly. More decisive developments could include one or more leading ruling party players--such as Tolentino, Ople, and Enrile--challenging Marcos for the KBL nomination, the party being plagued by numerous resignations, or disaffected KBL politicians regrouping into new political parties or alliances.

25X1

Sudden expansion of Communist control--however defined--in the countryside. This could come about as the result of a broad offensive of the sort the NPA has thus far eschewed. In such a case, the NPA's military successes could force the Army to abandon large areas--permitting the NPA to encircle Philippine cities--and could even include the fall of several large provincial cities. Marcos-associate Eduardo Cojuangco recently told US Embassy officials that he could foresee the day when all of Mindanao, parts of Negros, and some provinces in Northern and Central Luzon might fall into the hands of the NPA. In addition to these successes on the battlefield, there would likely be evidence of large-scale infiltration of the military and local government along with an upsurge in defections from the armed forces.

CPP/NPA urban warfare in Manila. Terrorist attacks on government facilities and assassinations of police, military officers, government employees, and suspected government informers, could have a dramatic effect. Terrorist acts against

25X1

25X1

US military and diplomatic facilities would begin, along with killing or kidnapping US personnel. [REDACTED]

25X1

Major strides by the CPP's National Democratic Front (NDF) in coopting leading moderate politicians. Especially important would be large-scale NDF penetrations of student groups, trade unions, church activists, and professional organizations. In addition, NDF-controlled umbrella organizations, such as Bayan, would have cemented ties with more moderate groups opposed to Marcos. These tactics would permit the NDF to orchestrate large-scale demonstrations and national strikes--highlighting the government's diminished authority and the NDF's enhanced political status. Under such chaotic circumstances, we believe that the middle-class could come to view the NDF and its "Democratic Coalition Government" as the only apparent viable alternative to the Marcos administration. [REDACTED]

25X1

Declining public confidence in the government's ability to control the insurgents or radical left. One clear sign of this would be greater numbers of Filipinos leaving for the United States. If a CPP-dominated government appeared imminent, moreover, we believe some military officers chiefly associated with Marcos would join the exodus. Furthermore, as departing Filipinos sold businesses and personal assets in exchange for dollars, the black-market exchange rate would soar and the foreign currency assets of banks and businesses would be quickly depleted. [REDACTED]

25X1

In sum, we believe it would be a mistake to rule out the possibility of a sudden collapse of effective leadership on the part of Marcos himself or the loss of confidence by key components of his power base. No matter how it is induced, such a psychological failure could quickly result in Marcos's ouster or--perhaps more likely--in his abrupt departure from the country. This situation could be exploited by the Communists, but it could also result in a power vacuum that none of the prominent players--including the Communists--are presently well positioned to fill. In such an event, the United States would be confronted with a confused and rapidly changing political environment and may need to make quick decisions about which individuals or groups to support. [REDACTED]

25X1

¹For example, the 1985 program of the CPP/NDF calls for "punishing" foreign military and civilian personnel directly involved in training, logistical support, intelligence or field operations that assists the Philippine government. [REDACTED]

25X1

25X1

Appendix
Marcos's Eroding Power Base

Our analysis of Marcos's deteriorating position includes the following factors:

25X1

- The military reform movement, occasional rumors of coup plotting, and [] retired senior military officers offering support to the moderate opposition highlight Marcos's declining control over an institution that has been the bulwark of his regime.
- As a result of both economic and political events, Marcos now faces active criticism from powerful business leaders-- including Enrique Zobel, Emanuel Soriano, and Jaime Ongpin-- and professionals who now openly support the moderate opposition.
- Lack of confidence in the country's political future is responsible for what we believe has been substantial capital flight out of the country over the past several years and the almost feverish visa arrangements some middle and upper class Filipinos continue to make to expedite leaving the country on short notice.
- The Catholic church is increasingly disenchanted with the Marcos regime over government corruption and human rights abuses. It is particularly aggravated by the harassment, murder, and disappearance of clergy and lay workers. Cardinal Jaime Sin has repeatedly embarrassed Marcos by his outspoken criticism of the ruling family. In addition, many parish priests are openly admonishing the government from the pulpit, and some radical priests are reportedly involved in supporting the Communist insurgency.
- "Defections" from the KBL, diminished party discipline, and increased jockeying in the "succession sweepstakes" are more pronounced. Some key party members such as Prime Minister Ceasar Virata have cautiously adopted more independent positions while others, like valued technocrat Vincente Paterno, have resigned from the ruling KBL. Most recently, Assemblyman Arturo Tolentino and Labor Minister Blas Ople have tested the limits of Marcos's tolerance, Tolentino publicly calling for Marcos's resignation.
- Reports that even Eduardo Cojuangco, Marcos's longtime crony and coconut baron, may be hedging his bets by cultivating Marcos's political opponents.
- The moderate opposition captured a surprising one-third of the National Assembly during last year's elections, despite considerable vote-rigging by the ruling party. Opposition

25X1

assemblymen have maintained pressure on Marcos by lobbying hard for reforms in the election code and instituting embarrassing impeachment proceedings.

- The relationship between Manila--the political center of the country--and the hinterland exhibits advanced signs of decay as Marcos faces a growing challenge for control of the countryside from the Communist Party of the Philippines's/New Peoples Army. The CPP/NPA has, over the past year, increased its influence to the point of establishing "shadow governments" in many rural areas--including parts of Mindanao, Samar, Panay, and Central and Northern Luzon. It is also openly challenging government authority in the Philippines' second largest city, Davao. Furthermore, the Communists' National Democratic Front (NDF) is working with legal opposition groups to further foment anti-Marcos sentiment--primarily through propaganda activities, demonstrations, and strike activity.²

25X1

²According to Philippine government estimates 282 strikes occurred last year involving 70,000 workers nationwide--the most strike activity since martial law was declared in 1972. This year has already seen an 30 percent increase in labor unrest over the same period last year.

25X1

25X1

25X1

Typescript

Thinking the Unthinkable in the Philippines:
Is Sudden Collapse Possible? [REDACTED]

25X1

EAM-85-10160

Original--OEA/SEA/IB

1--OEA/SEA/ITM

1--CH/OEA/SEAD

1--DC/OEA/SEAD

1--PDB (7F30)

1--C/NIC (7E62)

1--NIO/EA (7E62)

5--CPAS/IMC/CB (7G07)

1--C/PES/DDI (7F24)

1--DDI (7E44)

1--DCI (7D60)

1--DDCI (7D6011)

1--C/DDO/IAD (3D00)

1--C/DDO/EA (5D00)

1--D/OEAA (4F18)

1--Executive Director (7E12)

1--CPAS/ILS (7G215)

1--OEA/NEA (4G43)

1--OEA/CH (4G32)

25X1

1-- [REDACTED] NIC/Analytical Group (7E47)

1-- [REDACTED] C/DO/PPS (3D01)

1--OEA/Research Director (4G48)

25X1

1-- [REDACTED] ANIO/Economic (7E48)

1--Senior Review Panel (5G00)

1--D/ALA (3F45)

1--D/EURA (6G42)

1--D/OGI (3G03)

1--D/NESA (6G02)

1--D/SOVA (4E58)

Outside:

State:

1--Honorable Paul Wolfowitz

NSC:

1--Gaston Sigur

DOD:

1--Richard Armitage

25X1